

ORDINANCE NO. _____

AN ORDINANCE TO AMEND CHAPTER 26 OF THE CODE OF SUSSEX COUNTY RELATING TO PENSION BENEFITS FOR SUSSEX COUNTY EMPLOYEES.

WHEREAS, Sussex County Code, Chapter 26 governs Sussex County employee pension benefits; and

WHEREAS, Sussex County desires to amend Chapter 26 as it relates to "Allowable interruptions" as set forth in § 26-3; "Eligibility" as set forth in § 26-6; "Computation of benefits" as set forth in § 26-7; and "Funding" as set forth in § 26-9.

NOW THEREFORE, THE COUNTY OF SUSSEX HEREBY ORDAINS:

Section 1. Amend Sussex County Code, Chapter 26, § 26-3, Allowable interruptions, by adding a new paragraph F. as follows:

F. For a covered employee hired by Sussex County after December 31, 2013, covered employment for calculating benefits and vesting shall not include any period of uncompensated Allowable Interruption unless, within 12 months after returning from the uncompensated Allowable Interruption, such covered employee contributes from his compensation the employee contributions that such covered employee would have contributed if he was not on an uncompensated Allowable Interruption at the rate of base compensation that such covered employee was earning at the commencement of the Allowable Interruption.

Section 2. Amend Sussex County Code, Chapter 26, § 26-6, Eligibility, by inserting the additional underlined language to the end of paragraph A. as follows:

A. A covered employee who shall have service with Sussex County in continuous employment for at least eight years shall be considered eligible for retirement benefits within the meaning of this chapter, except as otherwise provided. Elected County officials (including the Recorder of Deeds, Register of Wills, Sheriff, Clerk of Peace and members of County Council) would be eligible to retire and receive a pension with five years of elected official service at the age of 60 or with 10 years of elected official service at the age of 55. In no event shall a covered employee hired after December 31, 2013 receive credit for covered employment for benefit purposes for any period of employment during which the covered employee does not make the full 3% employee contribution, except for the period of the year during which the covered employee is working and earning the first \$6,000 of base compensation.

Section 3. Amend Sussex County Code, Chapter 26, § 26-6, Eligibility, by inserting the additional underlined language to the end of paragraph E. as follows:

E. Time in federal military service or federally acceptable substitute service shall be computed as time as a covered employee, provided that the individual was an employee of the Sussex County Council prior to the entry into such service. This subsection shall apply to the entire period of service, not exceeding four years; except that no one receiving retirement compensation for such service shall be eligible for benefits under this chapter. For a covered employee hired after December 31, 2013 to receive such credit for covered employment for time in the federal military service or federally acceptable substitute service, a covered employee must, within the period starting with the date of reemployment and continuing a minimum period of at least 12 months but, if greater than 12 months, no longer than the lesser of (i) 3 times the length of the covered employee's immediate past period of federal military service or federally acceptable substitute service, and (ii) 5 years, contribute from his compensation the employee contributions that such covered employee would have contributed if he had not spent time in the federal military service or federally acceptable substitute service at the rate of compensation that such covered employee was earning at the commencement of the Allowable Interruption federal military service or federally acceptable substitute service.

Section 4. Amend Sussex County Code, Chapter 26, § 26-7, Computation of benefits, by adding new paragraphs E. and F. to read as follows:

E. Minimum Death Benefit. Upon the death of a covered employee hired after December 31, 2013, former employee hired after December 31, 2013 or pensioner hired after December 31, 2013, or if a survivor's pension is payable upon such death, when such pension ceases to be payable, there shall be paid to the designated beneficiary or, in the absence of a designated beneficiary, to the estate of such covered employee, such former employee or such pensioner a lump sum equal to the excess, if any, of the accumulated employee contributions with 2% interest per annum over the aggregate of all pension payments made.

F. Withdrawal Benefit. Upon the withdrawal from service of a covered employee hired after December 31, 2013, and who is not eligible for a service pension under Section 26-6 A, the employee's total employee contributions paid while the employee was a covered employee, with simple interest at the rate of 2% per annum, shall be paid to the covered employee.

Section 5. Amend Sussex County Code, Chapter 26, § 26-9, Funding, by adding new paragraphs F. and G. to read as follows:

F. Employee Contributions.

(1) Covered employees hired by Sussex County after December 31, 2013, shall make employee contributions to the Fund equal to 3% of the covered employees' total annual base compensation in excess of \$6,000. In no event shall the total base compensation of a covered employee during any calendar year in excess of \$6,000 be exempt from employee contributions. A covered employee shall at all times be 100% vested in his employee contributions.

(2) Covered employees who were hired by Sussex County prior to January 1, 2014 and who terminate employment with Sussex County at any time and are subsequently re-employed by Sussex County after December 31, 2013 shall be required to make employee contributions to the Plan upon their re-employment except that no employee contributions shall be required from the following covered employees:

a. A covered employee who prior to such termination of employment had service with Sussex County in continuous employment for at least eight (8) years and who again becomes a covered employee within sixty (60) months of such covered employee's termination of employment; and

b. A covered employee who prior to such termination of employment did not have service with Sussex County in continuous employment for at least eight (8) years and who again becomes a covered employee within twelve (12) months of such covered employee's termination of employment.

G. Employer pickup of employee contributions.

(1) The Sussex County Council, pursuant to the provisions of § 414(h)(2) of the United States Internal Revenue Code [26 U.S.C. § 414 (h)(2)], shall pick up and pay the contributions which would otherwise be payable by the employees under § 26-9 F. of this Chapter. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the employee's compensation.

(2) Employee contributions picked up by The Sussex County Council shall be paid from the same source of funds used for the payment of compensation to an employee. A deduction shall be made from each covered employee's compensation equal to the amount of the employee's contributions picked up by the employer. This deduction, however, shall not

reduce the employee's compensation for purposes of computing benefits under the retirement system pursuant to this chapter.

(3) The contributions, although designated as employee contributions, are being paid by the employer in lieu of the contributions by the employee. The employee will not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the retirement system.

Section 6. Effective Date. This Ordinance shall become effective immediately upon approval.

Synopsis

This Ordinance amends Sussex County Code, Chapter 26, which governs employee pension benefits, by amending the following code provisions: “Allowable interruptions” as set forth in § 26-3 by adding a new paragraph F.; “Eligibility” as set forth in § 26-6 by adding additional language to the end of paragraphs A. and E.; “Computation of benefits” as set forth in § 26-7 by adding new paragraphs E. and F.; and “Funding” as set forth in § 26-9 by adding new paragraphs F. and G.

There is no deleted text. Additional text is underlined.